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To: Members, Multistate Tax Commission
From: Joe Huddleston
Date: July 27, 2008
Subject: 2007-2008 Executive Committee Report

The Executive Committee met six times during the period July 1, 2007, to June 30, 2008:

- July 12th via teleconference
- August 2nd in Minneapolis, Minnesota (immediately before the 2007 Annual Meeting of the Commission)
- November 8th in New Orleans, Louisiana
- January 3rd-4th in San Diego, California
- May 8th in Washington, D.C.
- June 20th via teleconference

The teleconference on July 12, 2007, was for the purpose of considering sovereignty membership for Georgia, Maryland, and West Virginia (each granted); associate membership for Indiana (granted); and to specify August 2nd as the date of the 2007 Annual Meeting. The teleconference on June 20, 2008, was for the purpose of considering the proposed Model Telecommunications Apportionment Regulation, with amendments as recommended in the hearing officer's report and supplemental report, thus approving the proposal to a Bylaw 7 survey (it was approved). The remaining meetings were regular meetings of the committee. Through these meetings the committee has provided oversight and direction to the activities of the Commission.

The Executive Committee experienced some changes in its membership during the course of the year. In November, Cynthia Underwood, then Acting Revenue Commissioner of the State of Alabama, was appointed and elected to serve out the unexpired portion of Tom Surtees's term as Commission Treasurer. In January, Omar D. Davis, the new Director for the Missouri Department of Revenue, was elected to serve out the unexpired portion of Trish Vincent's term as Commission Vice Chair. In March, Tim Russell, the new Alabama Commissioner of Revenue, was appointed to replace Alabama's acting commissioner, Cynthia Underwood, in fulfilling the unexpired term as Treasurer. Later in March, Omar Davis became Commission Chair by operation of the bylaws upon the departure of Jan Goodwin from the New Mexico's Taxation & Revenue Department. In May, Tim Russell's appointment was ratified by the committee, and

Stephen M. Cordi, Deputy Chief Financial Officer for Tax & Revenue for the District of Columbia, was appointed and elected to serve out the unexpired portion of Omar Davis's term as Commission Vice Chair.

The Executive Committee took the following actions during 2007-2008:

- Granted sovereignty membership to Georgia, Maryland, and West Virginia
- Specified August 2, 2007, as the date for the 2007 Annual Meeting of the Commission
- Approved the 2007-2008 Commission expenditure budget
- Established the Paull Mines Award for Contribution to State Tax Jurisprudence
- Directed a public hearing be held pursuant to Art. VII of the Multistate Tax Compact regarding a proposed Model Regulation for Apportionment of Income from the Sale of Telecommunications and Ancillary Services
- Struck section (d) of the Model REIT Statute, added the word "captive" before "real estate" to the title of the proposal, and insertion a new section (a):
 - (a) The purpose of this statute is to address the taxation of captive real estate investment trusts. This statute shall not be interpreted as precluding the right of a state to tax the income earned by any type of real estate investment trust as source income in computing net income by measures including, but not limited to, the disallowance of, or required add back of, the dividends paid deduction otherwise allowed by federal law.
- Referred the Model Uniform Statistical Sampling Statute and Accompanying Regulations back to the Uniformity Committee for consideration of extensive public comment (as recommended by the hearing officer)
- Elected Cythia Underwood, Acting Revenue Commissioner of the State of Alabama, to serve out the unexpired portion of Tom Surtees's term as Commission Treasurer (Ms. Underwood had been appointed before the meeting by the Commission Chair pursuant to Bylaw 3(c))
- Held a dialogue with representatives of COST regarding the results of a survey COST conducted of its members who had undergone a Commission audit; referred the survey results and COST's recommendations to the Audit Committee for consideration
- Elected Omar D. Davis, the new Director for the Missouri Department of Revenue, to serve out the unexpired portion of Trish Vincent's term as Commission Vice Chair

- Adopted the audited financial statements for FY2007
- Approved an additional \$49,000 to fund increased expenditures for the planned improvements to the Commission's headquarters office
- Approved changes to the Model Uniform Statistical Sampling Statute and Accompanying Regulations and recommended it to the Commission, authorizing a survey of the affected member states pursuant to Bylaw 7
- Approved changes to the Model REIT Statute and Accompanying Regulations and recommended it to the Commission, authorizing a survey of the affected member states pursuant to Bylaw 7
- Considered an Isle of Man request for change to Model Combined Reporting Statute and directed staff to look into the issue
- Elected Tim Russell, the new Alabama Commissioner of Revenue, and Stephen M. Cordi, Deputy Chief Financial Officer for Tax & Revenue for the District of Columbia, to serve out the unexpired portion of Tom Surtees's term as Commission Treasurer and the unexpired portion of Omar Davis's term as Commission Vice Chair, respectively (Mssrs. Russell and Cordi had been appointed before the meeting by the Commission Chair pursuant to Bylaw 3(c))
- Approved the 2007-2008 Commission revenue budget
- Established a working group consisting of Executive and Audit Committee members to further consider items identified in COST's survey regarding the Joint Audit Program and draft a response to COST from the Commission
- Adopted report of the Commission Working Group on Revision of Compact Article IV for submission to the NCCUSL UDITPA Drafting Committee
- Adopted changes by the public hearing officer to the proposed Model Telecommunications Apportionment Regulation and recommended the proposed model statute to the Commission, authorizing a survey of the affected member states pursuant to Bylaw 7

The Executive Committee undertook additional actions during 2007-2008 that are recorded in the minutes of its meetings.

The Executive Committee also held training and informational sessions in conjunction with its meeting in January 2008.